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EXTRAORDINARY

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## LOK SABHA

The following Bills were introduced in Lok Sabha on the 28th February, 1961:—

\*BILL No. 6 OF 1961

*A Bill to repeal the Railway Passenger Fares Act, 1957 and to make certain provisions consequential thereto.*

BE it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

1 ( ) This Act may be called the Railway Passenger Fares (Repeal) Act, 1961. Short title and commencement.

5 (2) It shall come into force on the 1st day of April, 1961.

2. The Railway Passenger Fares Act, 1957 is hereby repealed. Repeal of Act 25 of 1957.

3. In the Estate Duty and Tax on Railway Passenger Fares (Distribution) Act, 1957,— Amendment of Act 57 of 1957.

10 (a) in the long title, the words “and the tax on railway passenger fares” shall be omitted;

(b) in section 1, the words “and Tax on Railway Passenger Fares” shall be omitted;

(c) in section 2, clause (c) shall be omitted; and

(d) section 5 shall be omitted.

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\*The President has, in pursuance of clause (1) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to Lok Sabha, the introduction of the Bill.

## STATEMENT OF OBJECTS AND REASONS

The Railway Convention Committee, 1960 recommended *inter alia* that from the 1st of April, 1961 the tax on Railway Passenger Fares at the existing rates should be merged with railway fares and that in lieu of the net proceeds of the tax assignable to States, a fixed annual amount should be made available for distribution among them. The recommendations of the Committee have been accepted by the Government and a resolution to that effect has also been passed by Parliament. The present Bill seeks to abolish the Railway Passenger Fares Tax and also to make consequential amendments in the Estate Duty and Tax on Railway Passenger Fares (Distribution) Act, 1957.

MORARJI DESAI.

NEW DELHI;

*The 8th February, 1961.*

\*BILL NO. 7 OF 1961

*A Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1960-61.*

BE it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

1. This Act may be called the Appropriation Act, 1961.

Short title.

2. From and out of the Consolidated Fund of India there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of sixty-seven crores, fifteen lakhs and sixty-one thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1960-61, in respect of the services specified in column 2 of the Schedule.

Issue of Rs.  
67,15,61,000  
out of the  
Consolidated  
Fund of  
India for the  
year 1960-61.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

Appropriation.

\*The President has, in pursuance of clauses (1) and (3) of article 117 of the Constitution of India, read with article 115 thereof, recommended to Lok Sabha the introduction and consideration of the Bill.

**THE SCHEDULE**  
(See Sections 2 and 3)

1	2	3			
No. of Vote	Services and purposes	Sums not exceeding			5
		Voted by Parliament <sup>1</sup>	Charged on the Consoli- dated Fund	Total	
		Rs.	Rs.	Rs.	10
1	Ministry of Commerce and Industry . . . . .	1,38,000	..	1,38,000	
15	Miscellaneous Departments and Other Expenditure under the Ministry of Edu- cation . . . . .	1,000	..	1,000	15
21	Ministry of Finance . . . . .	3,00,000	..	3,00,000	
23	Union Excise Duties . . . . .	..	57,74,000	57,74,000	
28	Currency . . . . .	60,00,000	..	60,00,000	
31	Superannuation Allowances and Pensions . . . . .	13,01,000	40,000	13,41,000	20
32	Miscellaneous Departments and Other Expenditure under the Ministry of Finance . . . . .	1,000	..	1,000	25
34	Miscellaneous Adjustments between the Union and State Governments . . . . .	6,20,000	..	6,20,000	
41	Miscellaneous Departments and Other Expenditure under the Ministry of Food and Agriculture . . . . .	27,36,000	..	27,36,000	30
49	Police . . . . .	93,74,000	..	93,74,000	
50	Census . . . . .	50,00,000	..	50,00,000	
52	Privy Purses and Allowances of Indian Rulers . . . . .	..	2,93,000	2,93,000	
54	Himachal Pradesh . . . . .	80,00,000	1,84,000	81,84,000	35
56	Manipur . . . . .	59,52,000	..	59,52,000	
57	Tripura . . . . .	50,00,000	..	50,00,000	
59	Miscellaneous Departments and Expenditure under the Ministry of Home Affairs. . . . .	1,25,00,000	..	1,25,00,000	40

1	2	3		
No. of Vote	Services and Purposes	Sums not exceeding		
5		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
10	70A Miscellaneous Expenditure under the Ministry of Law.	75,000	..	75,000
	72 Expenditure on Displaced Persons and Minorities .	..	10,000	10,000
	80 Ministry of Steel, Mines and Fuel . . . . .	40,000	..	40,000
15	82 Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel . . . . .	7,84,42,000	..	7,84,42,000
20	83 Ministry of Transport and Communications . . . . .	1,50,000	..	1,50,000
	84 Indian Posts and Telegraphs Department . . . . .	..	6,000	6,000
25	85 P. & T. Dividend to General Revenues and Appropriation to Reserve Funds . . . . .	2,48,30,000	..	2,48,30,000
	92 Communications (including National Highways) . . . . .	19,00,000	..	19,00,000
	95 Supplies . . . . .	8,04,000	..	8,04,000
	96 Other Civil Works . . . . .	4,80,23,000	..	4,80,23,000
30	97 Stationery and Printing	68,00,000	..	68,00,000
	106 Capital Outlay of the Ministry of Commerce and Industry . . . . .	1,000	..	1,000
	114 Commuted Value of Pensions	22,59,000	..	22,59,000
35	115 Payments to Retrenched Personnel . . . . .	6,000	..	6,000
	117 Loans and Advances by the Central Government . . . . .	..	8,50,00,000	8,50,00,000
	119 Purchase of Foodgrains . . . . .	36,00,00,000	..	36,00,00,000
40	124 Capital Outlay on Multipurpose River Schemes . . . . .	1,000	..	1,000
	TOTAL	58,02,54,000	9,13,07,000	67,15,61,000

### STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of article 114(1) of the Constitution of India, read with article 115 thereof, to provide for the appropriation out of the Consolidated Fund of India of the moneys required to meet the supplementary expenditure charged on the Consolidated Fund of India and the grants made by the Lok Sabha for expenditure of the Central Government, excluding Railways, for the financial year 1960-61.

MORARJI DESAI.

NEW DELHI;

*The 24th February, 1961*

## BILL NO. 3 OF 1961

*A Bill further to amend the Khadi and Village Industries Commission Act, 1956.*

BE it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

1. This Act may be called the Khadi and Village Industries Commission (Amendment) Act, 1961. Short title.

5 2. In section 2 of the Khadi and Village Industries Commission Act, 1956 (hereinafter referred to as the principal Act),— Amendment of section 2.  
61 of 1956.

(i) in clause (e), for the words “and includes the chairman”, the words “and includes the chairman and the vice-chairman” shall be substituted;

10 (ii) after clause (g), the following clause shall be inserted, namely:—

‘(gg) “vice-chairman” means the vice-chairman of the Commission;’.

15 3. In section 3 of the principal Act, for sub-section (1), the following sub-section shall be substituted, namely:— Amendment of section 3.

20 “(1) The Central Government may, of its own motion or on the recommendation of the Commission, by notification in the Official Gazette, add to, or omit from, the Schedule any village industry or alter the description of any village industry and thereupon the Schedule shall be deemed to be amended accordingly.”.

Amendment  
of section 4.

4. In section 4 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) The Central Government may appoint from among the members of the Commission a vice-chairman who shall exercise such of the powers and perform such of the duties of the chairman as may be prescribed or as may be delegated to him by the chairman.”.

Amendment  
of section 5.

5. In section 5 of the principal Act, for the words “a member other than the chairman”, the words “a member other than the chairman or the vice-chairman” shall be substituted.

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Amendment  
of section 12.

6. In section 12 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The chairman or, in his absence, the vice-chairman or, in the absence of both the chairman and the vice-chairman, any member chosen by the members present from among themselves, shall preside at a meeting of the Commission.”.

Amendment  
of section 13.

7. In section 13 of the principal Act, for the words “and the terms and conditions of service of the chairman”, the words “and the terms and conditions of service of the chairman, the vice-chairman” shall be substituted.

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Amendment  
of section 15.

8. In section 15 of the principal Act, in sub-section (2), in clause (c), after the words “village industries”, the words “or handicrafts” shall be inserted and shall be deemed always to have been inserted.

Insertion of  
new section  
17A.

9. After section 17 of the principal Act, the following section shall be inserted, namely:—

25

Commission  
to receive  
gifts, grants,  
etc.

“17A. The Commission may, for the purpose of development of khadi or the development of village industries, receive gifts, grants, donations or benefactions from the Government or any other person.”.

Amendment  
of section 18.

10. In section 18 of the principal Act,—

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(i) in sub-section (1), after the words “and all receipts of the Commission”, the brackets, words, figures and letter “(including all gifts, grants, donations or benefactions received under section 17A)” shall be inserted;

(ii) after sub-section (1), the following sub-sections shall be inserted, namely:—

“(1A) All receipts of the Commission in respect of products of handicrafts shall be credited to the village indus-



tries fund and all payments by the Commission for or in respect of such products shall be made from that fund.

5 (1B) If at any time, the amount available in either of the two funds referred to in sub-section (1) is in excess of the requirements of that fund and the amount available in the other fund is insufficient to meet the requirements of that fund, the Commission may, with the previous approval of the Central Government, transfer from the first mentioned fund the excess amount or such part thereof as may be  
10 necessary to the other fund.

*Explanation.*—For the purposes of computing the amount available in either of the two funds, the amounts received under section 17A shall not be taken into account.”

11. After section 19 of the principal Act, the following sections  
15 shall be inserted, namely:—

Insertion of  
new sections  
19A and 19B.

“19A. (1) There shall be constituted from among the members of the Commission in the prescribed manner, a Standing  
Finance Committee in respect of each of the two funds referred  
to in section 18. Standing  
Finance  
Committees.

20 (2) The Standing Finance Committee shall exercise such of the powers of the Commission under section 19 as are delegated to it by the Commission.

25 19B. (1) Any sum payable to the Commission under any agreement, express or implied, or otherwise howsoever, may be recovered in the same manner as an arrear of land-revenue.

Recovery of  
monies due  
to the Com-  
mission as  
arrears of  
land-revenue.

30 (2) If any question arises whether a sum is payable to the Commission within the meaning of sub-section (1), it shall be referred to a Tribunal constituted by the Central Government for the purpose which shall, after making such inquiry as it may deem fit and after giving to the person by whom the sum is alleged to be payable an opportunity of being heard, decide the question; and the decision of the Tribunal shall be final and shall not be called in question by any court or other authority.

35 (3) The Tribunal shall consist of one person who is not connected with the Commission or with the person by whom the sum is alleged to be payable.

(4) The expenses of the Tribunal shall be borne by the Commission.”

Amendment  
of section 20.

12. In section 20 of the principal Act, in sub-section (3), for the words "but in no case", the words, brackets, figures and letter "but, subject to the provisions of sub-section (1B) of section 18, in no case" shall be substituted.

Amendment  
of section 26.

13. In section 26 of the principal Act,—

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(i) in sub-section (2),—

(a) in clause (a), for the words "and the terms and conditions of service of the Chairman", the words "and the terms and conditions of service of the chairman, the vice-chairman" shall be substituted;

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(b) after clause (c), the following clause shall be inserted, namely:—

"(cc) the powers and duties to be exercised and performed by the chairman and the vice-chairman;"

(c) after clause (d), the following clauses shall be inserted, namely:—

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"(dd) the constitution of the Standing Finance Committees under sub-section (1) of section 19A;

(ddd) the procedure to be followed by the Tribunal in deciding questions referred to it under sub-section (2) of section 19B;"

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(ii) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and, if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule."

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Amendment  
of section 27.

14. In section 27 of the principal Act, in sub-section (2),—

(i) after clause (b), the following clause shall be inserted, namely:—

"(bb) the summoning and holding of meetings, and the conduct of business of a Standing Finance Committee;"

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(ii) in clause (h), the words "and the fees chargeable in respect thereof" shall be added at the end.

## STATEMENT OF OBJECTS AND REASONS

Experience of the administration of the Khadi and Village Industries Commission Act, 1956, has disclosed certain difficulties in its working. The object of the present Bill is to remove such difficulties. Opportunity has been taken to make certain other minor and formal amendments in the Act.

The notes on clauses explain in detail the important provisions of the Bill.

NEW DELHI;  
*The 19th January, 1961.*

MANUBHAI SHAH

*Notes on clauses*

*Clause 3.*—This clause amends section 3 of the Act and empowers the Central Government to add to, or omit from, the Schedule any village industry or alter the description of any village industry.

*Clause 4.*—This clause provides for the appointment of a vice-chairman to give some relief to the chairman. The vice-chairman will exercise such of the powers and perform such of the duties of the chairman as may be prescribed by the rules or as may be delegated to him by the chairman.

*Clause 8.*—The amendment made by this clause will enable the Commission to undertake marketing or sale of products of handicrafts in its Emporia.

*Clause 9.*—This clause enables the Commission to receive gifts, grants, donations and benefactions from the Government or any other person for the purpose of development of khadi or the development of village industries.

*Clause 10.*—Under section 18(1) of the Act, all payments by the Commission for or in respect of khadi or village industries shall be made from the khadi Fund or the village industries Fund, as the case may be. Sometimes, it so happens that while the Commission has excess money in one Fund, the other Fund is insufficient to meet the requirements. At present in spite of there being a surplus amount in one Fund, the Government has to make grant to the other Fund to meet its requirements. This clause, therefore, empowers the Commission to transfer, with the previous approval of the Central Government, the necessary amount from the excess Fund to the insufficient Fund which will obviate the necessity of Government making a fresh grant to the latter Fund. It is made clear that for the purposes of computing the amount available in either of the two Funds, the amounts received by way of gifts, grants, donations or benefactions from the Government or any other person which are in the nature of a trust shall not be taken into account.

*Clause 11.*—The Commission has at its disposal very large funds from which grants are made to various institutions. A part of these funds is also spent on some of the activities which are carried on

directly by the Commission. At present only the full Commission is empowered to authorise such grants or expenditure. In order to ensure the speed and efficiency of this kind of work, this clause provides for the constitution of a Standing Finance Committee in respect of each of the khadi Fund and village industries Fund, from among the members of the Commission. The Standing Finance Committee will exercise such of the powers of the Commission under section 19 as are delegated to it by the Commission.

The clause also makes provision for the recovery of any sum payable to the Commission as arrears of land revenue. If any question arises whether a sum is payable to the Commission, it shall be referred to a Tribunal consisting of one person who is not connected with the Commission or with the person by whom the sum is alleged to be payable. Such a procedure will save the Commission from being involved in prolonged and expensive litigation in courts of law.

*Clause 13.*—The clause, besides making certain consequential amendments to section 26 of the Act, empowers the Central Government to make rules regarding the powers and duties to be exercised and performed by the chairman and the vice-chairman; the constitution of Standing Finance Committees and the procedure to be followed by the Tribunal in deciding questions referred to it. Sub-section (3) of that section is also being amended to conform to the pattern now adopted.

*Clause 14.*—The clause seeks to enable the Commission to make regulations regarding the summoning and holding of meetings and the conduct of business of the Standing Finance Committee and also for levying fees chargeable for certificates of genuineness of Khadi and products of village industries granted by the Commission.

### MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 13 of the Bill which seeks to amend section 26 of the Khadi and Village Industries Commission Act, 1956, confers on the Central Government the power to make rules regarding the terms and conditions of service of the vice-chairman, the powers and duties to be exercised and performed by the chairman and the vice-chairman, the constitution of the Standing Finance Committees and the procedure to be followed by the Tribunal in deciding questions referred to it. These are matters of detail and the delegation of legislative power with respect to them is of a normal character.

## BILL No. 10 OF 1961

*A Bill to give effect to the financial proposals of the Central Government for the financial year 1961-62.*

BE it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

1. (1) This Act may be called the Finance Act, 1961.

Short title  
and com-  
mencement

(2) Save as otherwise provided in this Act, sections 3 to 10 inclusive shall be deemed to have come into force on the first day of April, 1961.

2. (1) Subject to the provisions of sub-sections (2), (3) and (4), for the year beginning on the 1st day of April, 1961,—

Income-tax  
and super-  
tax.

(a) income-tax shall be charged at the rates specified in Part I of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge, calculated in either case in the manner provided therein; and

(b) super-tax shall, for the purposes of section 55 of the Indian Income-tax Act, 1922 (hereinafter referred to as the Income-tax Act), be charged at the rates specified in Part II of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge, calculated in either case in the manner provided therein.

(2) In making any assessment for the year ending on the 31st day of March, 1962,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head

\*The President has, in pursuance of clauses (1) and (3) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to the Lok Sabha, the introduction and consideration of the Bill.

"Salaries", the income-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1960, on his total income the same proportion as the <sup>13 of 1960.</sup> amount of such inclusion bears to his total income;

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Income-tax Act, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Finance Act, 1960, <sup>13 of 1960.</sup> on his total income the same proportion as the amount of such inclusion bears to his total income.

(3) In making any assessment for the year ending on the 31st day of March, 1962, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from <sup>31 of 1956.</sup> life insurance business, the super-tax payable by it shall be the aggregate of the tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable to the Life Insurance Corporation of India in accordance with Paragraph E of Part II of the First Schedule; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(4) In cases to which section 17 of the Income-tax Act applies the tax chargeable shall be determined as provided in that section, and with reference to the rates imposed by sub-section (1)

(5) In cases in which tax has to be deducted under section 18 of the Income-tax Act at the prescribed rates, the deduction shall be made at the rates specified in Part III of the First Schedule.

(6) For the purposes of this section, and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Income-tax Act, and the expression "earned income" has the meaning assigned to it in clause (6AA) of section 2 of that Act.



3. In section 4 of the Income-tax Act, in sub-section (3),—

Amendment  
of Section 4.

(i) after clause (ii), the following clause shall be inserted, namely:—

“(iia) Any income of an association or institution established in India having as its object the control, supervision, regulation or encouragement in India of the games of cricket, hockey, football, tennis or such other games or sports as the Central Government may specify in this behalf from time to time by notification in the Official Gazette:

Provided that—

(i) the association or institution applies its income, or accumulates it for application, solely to the objects for which it is established;

(ii) no part of the income of the association or institution is distributed in any manner to its members except as grants to any association or institution affiliated to it; and

(iii) the association or institution is, for the time being, approved for the purpose of this clause by the Central Government by general or special order.”;

(ii) in clause (xiva), for the second proviso, the following provisos shall be inserted, namely:—

‘Provided further that in the case of a person referred to in this clause whose contract of service was approved by the Central Government before the commencement of his service, this clause shall have effect as if for the words “during the financial year in which he arrived in India and the financial year next following”, the words “during the thirty-six months commencing from the date of his arrival in India” had been substituted and as if the proviso immediately preceding had been omitted:

Provided also that where a person referred to in the proviso immediately preceding continues to remain in employment in India after the expiry of the thirty-six months commencing from the date of his arrival in India and the tax on his income chargeable under the head “Salaries” is paid by the employer to the Central Government, the tax so paid by the employer for a period not exceeding twenty-four

months following the expiry of the said thirty-six months shall not be included in his total income.’;

(iii) in clause (xvi), after the words “International Bank for Reconstruction and Development”, the words “or under a loan agreement between the Central Government and the Development Loan Fund of the United States of America,” shall be inserted and after the words “under a loan agreement with the said Bank”, the words “or Fund, as the case may be,” shall be inserted.

Amendment  
of section 7.

4. In section 7 of the Income-tax Act, in the proviso to *Explanation 2*, after the words “a Central, State or Provincial Act”, the words, letters and figures “or any payment of retiring gratuity received after the 1st day of June, 1953 under the New Pension Code applicable to the members of the Defence Services” shall be inserted and shall be deemed always to have been inserted.

Amendment  
of section 9.

5. In section 9, in sub-section (2), after the third proviso, the following proviso and *Explanation* shall be inserted, namely:—

“Provided further that in respect of a building the erection of which is begun and completed after the 1st day of April, 1961, the annual value for a period of three years from the date of such completion shall be reduced by a sum equal to the aggregate of—

(a) in respect of any residential unit (comprised in the building) whose annual value does not exceed six hundred rupees, by the amount thereof; and

(b) in respect of any residential unit (comprised in the building) whose annual value exceeds six hundred rupees, by an amount of six hundred rupees,

so, however, that the income in respect of any residential unit shall in no case be a loss.

*Explanation.*—Where a residential unit is in the occupation of the owner for the purposes of his own residence, and the annual value thereof is computed in accordance with the first proviso, such computation shall be made as if the fourth proviso had been omitted.”

Amendment  
of section 10.

6. In section 10, in sub-section (2),—

(i) in clause (vi), after the words “in the case of machinery or plant, to twenty per cent. of the cost thereof to the assessee.”

and before the proviso, the following paragraph shall be inserted, namely:—

“and where the buildings have been newly erected after the 31st day of March, 1961, such buildings being used solely for the purpose of residence of persons employed in the business and drawing remuneration not exceeding two hundred rupees per mensem, a sum (which shall not be deductible in determining the written down value) equal to twenty per cent. of the actual cost of the building to the assessee in respect of the previous year of erection of the building.”;

(ii) in clause (vib),—

(1) for sub-clause (i) and sub-clause (ii), the following sub-clauses shall be inserted, namely:—

“(i) in the case of a ship acquired after the 31st day of December, 1957, forty per cent. and in the case of a ship acquired before the 1st day of January, 1958, twenty-five per cent. of the actual cost of the ship to the assessee; and

(ii) in the case of machinery or plant installed before the 1st day of April, 1961, twenty-five per cent. and in the case of machinery or plant installed after the 31st day of March, 1961, twenty per cent. of the actual cost of the machinery or plant to the assessee.”;

(2) in the first proviso, after the words “any person other than the Government”, the words “or for any consideration not connected with any amalgamation or succession referred to in clause (vic)” shall be inserted;

(iii) after clause (vib), the following clause shall be inserted, namely:—

“(vic) (i) where in a scheme of amalgamation, a company (hereinafter in this sub-clause referred to as the predecessor) sells or otherwise transfers to the company formed in pursuance of the predecessor's amalgamation with that company (hereinafter in this sub-clause referred to as the successor) any ship, machinery or plant in respect of which development rebate has been allowed to the predecessor under clause (vib),—

(1) the successor shall continue to fulfil the conditions mentioned in the first proviso to clause (vib) in

respect of the reserve created by the predecessor and in respect of the period within which such ship, machinery or plant shall not be sold or otherwise transferred and in default of any of these conditions, the provisions of sub-section (11) of section 35 shall apply to the successor as it would have applied to the predecessor had it committed the default;

(2) the balance of development rebate, if any, still outstanding to the predecessor in respect of such ship, machinery or plant shall be allowed to the successor in accordance with *Explanations* I and II of clause (vib), so, however, that the total period for which the balance of development rebate shall be carried forward in the assessments of the predecessor and the successor shall not exceed the period of eight years specified in *Explanation* I to clause (vib) and the successor shall be treated as the assessee in respect of such ship, machinery or plant for the purposes of clause (vib) and this sub-clause;

*Explanation.*—For the purposes of this sub-clause, “amalgamation” means the merger of two companies (each of which is hereinafter in this *Explanation* referred to as the amalgamating company) to form one company (hereinafter in this *Explanation* referred to as the amalgamated company) in such a manner that—

(a) all the property of the amalgamating companies immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation;

(b) all the liabilities of the amalgamating companies immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation; and

(c) all the shareholders of the amalgamating companies immediately before the amalgamation become shareholders of the amalgamated company by virtue of the amalgamation,

otherwise than as a result of the acquisition of property of one company by another company pursuant to the purchase of such property by the other company or as a result of the distribution of such property to the other company after the winding up of the company;

1 of 1956.

(ii) where a firm is succeeded to by a private company, as defined in the Companies Act, 1956, in the business carried on by it as a result of which the firm sells or otherwise transfers to the private company any ship, machinery or plant, the provisions of sub-clause (i) of this clause shall, so far as may be, apply to the firm and the company;

*Explanation.*—The provisions of this sub-clause shall apply only where—

(a) all the property of the firm before the succession becomes the property of the company;

(b) all the liabilities of the firm immediately before the succession become the liabilities of the company; and

(c) all the partners of the firm immediately before the succession become shareholders of the company;";

(iv) after clause (xiv), the following clause shall be inserted, namely:—

"(xiva) in respect of any special reserve created by a financial corporation which is engaged in providing long term finance for industrial development in India, an amount not exceeding ten per cent. of the total income carried to such reserve account:

Provided that the corporation is for the time being approved by the Central Government for the purposes of this clause:

Provided further that where the aggregate of the amounts carried to such reserve account from time to time exceeds the paid-up share capital (excluding the amounts capitalised from reserves) of the corporation no allowance under this clause shall be made in respect of such excess;";

(v) in clause (xv), the following provisos shall be inserted, namely:—

"Provided that no expenditure in the nature of entertainment expenditure shall be allowed in the case of an assessee other than a company:

Provided further that in the case of a company, no expenditure in the nature of entertainment expenditure shall be allowed which exceeds the aggregate amount computed as hereunder—

(i) on the first Rs. 10,00,000 of the profits and gains of the business [computed before making any allowance under clause (vib) or in respect of entertainment expenditure]

at the rate of  
1% or Rs. 5,000  
whichever is  
higher.

(ii) on the next Rs. 40,00,000 of the profits and gains of the business (computed in the manner aforesaid) .. at the rate of  $\frac{1}{4}\%$

(iii) on the next Rs. 1,20,00,000 of the profits and gains of the business (computed in the manner aforesaid) .. at the rate of  $\frac{1}{2}\%$

(iv) on the balance of the profits and gains of the business (computed in the manner aforesaid) .. nil.”.

Amendment  
of section  
15C.

7. In section 15C of the Income-tax Act,—

(a) in sub-section (1), after the word “undertaking” wherever it occurs, the words “or hotel” shall be inserted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) This section applies to any hotel which—

(a) starts functioning on or after the first day of April, 1961 and is not formed by the splitting up, or the reconstruction of, business already in existence or by the transfer to a new business of building, machinery or plant previously used in any other business;

(b) is owned and run by a company registered in the taxable territories with a paid-up capital of not less than five hundred thousand rupees;

(c) is run in premises which are owned by the company;

(d) has such number and types of guest rooms and provides such amenities as may be prescribed, having regard to the population and the tourist importance of the place in which the hotel is located; and

(e) is for the time being approved for the purposes of this sub-section by the Central Government.”;

(c) in sub-sections (3) and (5), after the words “industrial undertaking”, the words “or a hotel” shall be inserted;

(d) in sub-section (4),—

(i) after the words “industrial undertaking”, the words “or a hotel” shall be inserted;

(ii) the following *Explanation* shall be inserted, namely:—

*“Explanation.—The amount of dividend in respect of which the tax is not payable under this sub-section shall be computed in accordance with such rules as may be made in this behalf by the Central Board of Revenue.”;*

(e) in sub-section (6), for the words “shall apply”, the words “shall, in relation to an industrial undertaking, apply” shall be substituted;

(f) after sub-section (6), the following sub-section shall be inserted, namely:—

“(7) The provisions of this section shall, in relation to a hotel, apply to the assessment for the financial year next following the previous year in which the hotel starts functioning and for the four assessments immediately succeeding.”.

8. In section 23A of the Income-tax Act, in sub-section (1),— Amendment  
of section  
23A.

(a) in clause (ii), the word “or” shall be added at the end;  
and

(b) after clause (ii), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1960, namely:—

“(iii) that at least 75 per cent. of the share capital of the company is throughout the previous year beneficially held by an institution or fund established in the taxable territories for a charitable purpose the income whereof is exempt under clause (i) of sub-section (3) of section 4;”.

9. In section 35 of the Income-tax Act, in sub-section (11),—

Amendment  
of section 35.

(a) in clause (i), after the words “other than the Government”, the words “or for any consideration not connected with any amalgamation or succession referred to in clause (vic) of sub-section (2) of section 10”, shall be inserted;

(b) the following *Explanation* shall be inserted, namely:—

*“Explanation.—For the purposes of this sub-section, a successor referred to in sub-clause (i) or sub-clause (ii) of clause (vic) of sub-section (2) of section 10 shall be deemed to be the assessee even in respect of an allowance by way of development rebate made to the predecessor, and any tax*

resulting from the recomputation of the total income for any previous year of the predecessor shall be payable by the successor.”.

Amendment  
of section  
56A.

10. In section 56A of the Income-tax Act, in clause (i) of sub-section (1), after item (20), the following item shall be inserted, namely:—

“(21) Refractories;”.

Amendment  
of Act 32  
of 1934.

11. The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), shall be amended in the manner specified in the Second Schedule.

Amendment  
of Act 1  
of 1949.

12. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures “1961”, the figures “1962” shall be substituted.

Amendment  
of Act 1  
of 1944.

13. In the First Schedule to the Central Excises and Salt Act, 1944,—

(a) in Item No. 2, for the entry in the third column, the entry “Fifty-five rupees per quintal” shall be substituted;

(b) in Item No. 4,—

(1) under “I. *Unmanufactured tobacco*—”

(i) for sub-item (1), the following sub-item shall be substituted, namely:—

“(1) If *flue* cured and used in the manufacture of cigarettes. Two rupees and fifty naye paise.”;

(ii) in sub-item (4), for the entry in the third column, the entry “Two rupees” shall be substituted;

(iii) in sub-item (5), for the entry in the third column, the entry “One rupee and fourteen naye paise” shall be substituted;

(iv) in sub-item (8), for the entry in the third column, the entry “Twenty-two naye paise” shall be substituted;

(2) under “II. *Manufactured tobacco*—”

(i) for sub-item (1), the following sub-item shall be substituted, namely:—

“(1) Cigars and cheroots of which the value— Per hundred.

(i) exceeds Rs. 25 a hundred. Fifteen rupees.



- (ii) exceeds Rs. 15 a hundred, but does not exceed Rs. 25 a hundred. Nine rupees.
- (iii) exceeds Rs. 5 a hundred, but does not exceed Rs. 15 a hundred. Three rupees.
- (iv) exceeds Rs. 1·25 a hundred, but does not exceed Rs. 5 a hundred. Seventy-five naye paise.”;

(ii) in sub-item (2),—

(A) for sub-items (2) (i), (2) (ii), (2) (iii) and (2) (iv), the following shall be substituted, namely:—

- “(i) exceeds Rs. 35 a thousand Twenty-three rupees and seventy-five naye paise.
- (ii) exceeds Rs. 30 a thousand, but does not exceed Rs. 35 a thousand. Twelve rupees and seventy-five naye paise.
- (iii) exceeds Rs. 25 a thousand, but does not exceed Rs. 30 a thousand. Eleven rupees and fifty naye paise.” ;

(B) sub-items (2) (v), (2) (vi), (2) (vii), (2) (viii) and (2) (ix) shall, respectively, be re-numbered as sub-items (2) (iv), (2) (v), (2) (vi), (2) (vii) and (2) (viii);

(c) in Item No. 7, for the entry in the third column, the entry “Ninety-five rupees and fifty-five naye paise per kilolitre at fifteen degrees of centigrade thermometer” shall be substituted;

(d) in Item No. 9, for the entry in the third column, the entry “Sixteen per cent. *ad valorem* plus ninety-two rupees and ten naye paise per metric tonne” shall be substituted;

(e) in Item No. 13, for the entry in the third column, the entry “Twenty rupees per quintal” shall be substituted;

(f) in Item No. 14, for the entries in the third column against each of the sub-items specified below, the following entries as are set out in the corresponding column against that sub-item shall be substituted, namely:—

- I (1) (i) Nineteen rupees and seventy-five naye paise per quintal.
- (ii) Seventy naye paise per kilogram.

- |  |   |
|--|---|
| (2)  | Seventeen rupees and twenty-five naye paise per quintal.                            |
| (3)  |   |
| (i)  | Seventeen rupees and twenty-five naye paise per quintal.                            |
| (ii)   | Twenty-nine rupees and fifty naye paise per quintal.                                |
| (iii)  | Forty-two naye paise per litre.   |
| (iv)   | Ninety-eight naye paise per litre.  |
| (4)  |   |
| (i)  | Seventy naye paise per kilogram.  |
| (ii)   | Seventeen rupees and twenty-five naye paise per quintal.                            |
| (iii)  | Fifty-six naye paise per litre  |
| (5)  | Seventeen rupees and twenty-five naye paise per quintal, if sold by weight;         |
|  | Fifty-six naye paise per litre, if sold by volume.                                  |
| II   |   |
| (i)  | Twenty-eight naye paise per litre.  |
| (ii)   | Eighteen naye paise per litre.  |
| III  |   |
| (i)  | One rupee and forty naye paise per litre.   |
| (ii)   | Fifty naye paise per kilogram, if sold by weight;                                   |
|  | Eighty-five naye paise per litre, if sold by volume. ;                              |
| (g) after Item No. 14, the following Items shall be inserted, namely:— |   |
| “14A. SODA ASH   | Two rupees per quintal.   |
| 14B. CAUSTIC SODA—   |   |
| (i) if in a solid form   | Four rupees per quintal.  |
| (ii) if in lye   | Four rupees per quintal on the basis of hundred per cent. strength of caustic soda. |

- 14C GLYCERINE. Seventeen rupees per quintal.
- 14D DYES DERIVED FROM COAL TAR AND COAL TAR DERIVATIVES, USED IN ANY DYEING PROCESS, ALL SORTS. Fifteen per cent. *ad valorem*.
- 14E PATENT OR PROPRIETARY MEDICINES AS DEFINED IN CLAUSE (d) OF SECTION 3 OF THE DRUGS ACT, 1940 (23 OF 1940), NOT CONTAINING ALCOHOL. Ten per cent. *ad valorem*.
- 14F. COSMETICS AND TOILET PREPARATIONS, NAMELY:—  
 (i) Face cream and snow.  
 (ii) Face powder.  
 (iii) Talcum powder.  
 (iv) Hair lotion, cream and pomade.

(h) after Item No. 15, under the heading **Chemicals**, the following Items shall be inserted, namely:—

“15A. PLASTICS, ALL SORTS, Twenty per cent. *ad valorem*.  
 NAMELY:—

- (i) Moulding powders, granules and flakes (thermosetting and thermoplastic).  
 (ii) Polyethylene films, lay-flat tubings and P.V.C. sheets (that is to say, Polyvinyl Chloride sheets).

15B. CELLOPHANE. Twenty per cent. *ad valorem*. ;

(i) in Item No. 17, for the entries in the third column against sub-items (1), (2), (4), (5), (6), (7), (8), (9) and (10), the entries “Fifty naye paise per kilogram”, “One rupee per kilogram”, “Thirty-five naye paise per kilogram”, “Fifteen naye paise per kilogram”, “Thirty-five naye paise per kilogram”, “Thirty-five naye paise per kilogram”, “Thirty-five naye paise per kilogram”, “Fifty naye paise per kilogram” and “Fifty naye paise per kilogram” shall, respectively, be substituted;

(j) after Item No. 18, the following Items shall be inserted, namely:—

‘18A. COTTON TWIST,  
YARN AND THREAD,  
ALL SORTS, in or in rela-  
tion to the manufacture of  
which any process is ordi-  
narily carried on with the aid  
of power—

- |                             |                                  |
|-----------------------------|----------------------------------|
| (1) of 35 or more counts ;  | Fifteen naye paise per kilogram. |
| (2) of less than 35 counts. | Ten naye paise per kilogram.     |

*Explanation.*—For multiple-fold yarn, “count” means the count of the basic single yarn.

18B. WOOLLEN YARN, ALL  
SORTS INCLUDING  
KNITTING WOOL, in or  
in relation to the manufac-  
ture of which any process is  
ordinarily carried on with  
the aid of power—

- |                    |                                      |
|--------------------|--------------------------------------|
| (1) worsted yarn ; | Ten per cent. <i>ad valorem</i> .    |
| (2) others.        | Five per cent. <i>ad valorem</i> .’; |

(k) after Item No. 23, the following Items shall be inserted, namely:—

‘23A. GLASS AND GLASS-  
WARE—

- |   |                                       |
|---|---------------------------------------|
| (1) Sheet glass and Plate<br>glass.                                       | Ten per cent. <i>ad valorem</i> .     |
| (2) Laboratory glassware.   | Five per cent. <i>ad valorem</i> .    |
| (3) Glass shells, glass<br>globes and chimneys for<br>lamps and lanterns. | Ten per cent. <i>ad valorem</i> .     |
| (4) Other glassware includ-<br>ing tableware.                             | Fifteen per cent. <i>ad valorem</i> . |

23B. CHINAWARE AND  
PORCELAINWARE, ALL  
SORTS,—

- |                              |                                       |
|------------------------------|---------------------------------------|
| (1) Tableware.               | Fifteen per cent. <i>ad valorem</i> . |
| (2) Sanitaryware.            | Fifteen per cent. <i>ad valorem</i> . |
| (3) Glazed tiles.            | Ten per cent. <i>ad valorem</i> .     |
| (4) Not otherwise specified. | Ten per cent. <i>ad valorem</i> .” ;  |

(l) after Item No. 26, the following Items shall be inserted, namely:—

“26A. COPPER AND COPPER  
ALLOYS CONTAINING  
NOT LESS THAN FIFTY  
PER CENT. BY WEIGHT  
OF COPPER,—

(1) Manufactures, the follow- Three hundred rupees per metric  
ing, namely, plates, tonne.  
sheets, circles, strips and  
foils in any form or size.

(2) Pipes and tubes. Ten per cent. *ad valorem*.

26B. ZINC,—

(1) Manufactures, the follow- Three hundred rupees per metric  
ing, namely, plates, tonne.  
sheets, circles, strips and  
foils in any form or size.

(2) Pipes and tubes. Ten per cent. *ad valorem*.”;

(m) in Item No. 27, after sub-item (b), the following sub-item shall be inserted, namely:—

“(c) Pipes and tubes. Ten per cent. *ad valorem*.”;

(n) after Item No. 29, the following Item shall be inserted, namely:—

“29A. AIR CONDITIONING Twenty per cent. *ad valorem*.”  
MACHINERY, ALL SORTS.

(o) after Item No. 33, the following Item shall be inserted, namely:—

“33A. WIRELESS RECEIVING Twenty per cent. *ad valorem*.”;  
SETS, ALL SORTS, IN-  
CLUDING TRANSIS-  
TOR SETS AND RADIO-  
GRAMS, WITH OR  
WITHOUT LOUD-  
SPEAKER.

(p) in Item No. 38, for the entry in the third column, the entry “Sixty-five naye paise for every 1,000 matches or fraction thereof” shall be substituted;

(q) after Item No. 39, the following Item shall be inserted, namely:—

“40. REFRIGERATORS AND Twenty per cent. *ad valorem*.”  
PARTS THEREOF, SUCH  
AS ARE SPECIALLY DE-  
SIGNED FOR USE WITH  
REFRIGERATORS.

Amendment  
of Act 74 of  
1956.

14. In the Central Sales Tax Act, 1956, in section 14,—

(i) in item (iia), for the figures "12", the figures "19" shall be substituted;

(ii) in item (vii), for the figures and letter "12A", the figures "22" shall be substituted;

(iii) in item (viii), for the figure "8", the figure "1" shall be substituted;

(iv) in item (ix), for the figure "9", the figure "4" shall be substituted;

(v) in item (x), for the figures and letter "12B", the figures "21" shall be substituted;

(vi) after item (x), the following item shall be inserted and shall be deemed to have been inserted with effect from the 1st day of March, 1961, namely:—

"(xi) silk fabrics, as defined in Item 20 of the First Schedule to the Central Excises and Salt Act, 1944".

Amendment  
of Act 58 of  
1957.

15. In the Additional Duties of Excise (Goods of Special Importance) Act, 1957,—

(a) in clause (c) of section 2,—

(i) after the words "cotton fabrics", the words "silk fabrics" shall be inserted;

(ii) after the figures "19", the figures "20" shall be inserted;

(b) in sub-section (1) of section 3, after the words "cotton fabrics", the words "silk fabrics" shall be inserted;

(c) in the First Schedule,—

(1) in Item No. 4,—

(i) under "I. *Unmanufactured tobacco*", for sub-item (1), the following sub-item shall be substituted, namely:—

"(1) if flue cured and used in the  
manufacture of cigarettes.

*Nil*;

(2) under "II. *Manufactured tobacco*"—

(A) for sub-item (1), the following sub-item shall be substituted, namely:—

"(1) Cigars and cheroots of which  
the value—

Per hundred.

(i) exceeds Rs. 25 a hundred.

Three rupees and  
seventy-five naye  
paise.

- (ii) exceeds Rs. 15 a hundred, but does not exceed Rs. 25 a hundred. Two rupees and twenty-five naye paise.
- (iii) exceeds Rs. 5 a hundred, but does not exceed Rs. 15 a hundred. Seventy-five naye paise.
- (iv) exceeds Rs. 1·25 a hundred, but does not exceed Rs. 5 a hundred. Fifteen naye paise.” ;

(B) in sub-item (2), for sub-items (2)(i) and (2)(ii), the following shall be substituted, namely:—

“(2)(i) exceeds Rs. 35 a thousand. Seven rupees and seventy naye paise.” ;

(C) the sub-items (2) (iii), (2) (iv), (2) (v), (2) (vi), (2) (vii), (2) (viii) and (2) (ix) shall, respectively, be re-numbered as sub-items (2) (ii), (2) (iii), (2) (iv), (2) (v), (2) (vi), (2) (vii) and (2) (viii);

(3) after Item No 19, the following Item shall be inserted, namely:—

“20. SILK FABRICS

Thirty naye paise per square metre.”;

(d) in the Second Schedule, in Part III,—

(i) in clause (a) of paragraph 5, after the words “cotton fabrics”, the words “silk fabrics” shall be inserted; and

(ii) in the proviso to paragraph 6, after the words “cotton fabrics”, the words “silk fabrics” shall be inserted.

16. In Schedule I to the Indian Stamp Act, 1899, in entry 47,—

Amendment of Act 2 of 1899

(a) in sub-entry A(1) (i), in the first column, the words “fifteen naye paise or” shall be omitted; and

(b) in sub-entry E, in the second column, the following proviso shall be inserted, namely —

“Provided that if the total amount of duty payable is not a multiple of five naye paise, the total amount shall be rounded off to the next higher multiple of five naye paise ”

1 of 1944 17 For the year beginning on the first day of April, 1961, no duty under the Central Excises and Salt Act, 1944 or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India. Discontinuance of salt duty

*Declaration under the Provisional Collection of Taxes Act, 1931.*

16 of 1931 It is hereby declared that it is expedient in the public interest that the provisions of clauses 11, 12, 13 and 15 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

## THE FIRST SCHEDULE

(See section 2)

## PART I

*Income-tax and surcharges on income-tax**Paragraph A*

(i) In the case of every individual who is married and every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case—

*Rates of Income-tax*

Where the individual has no child wholly or mainly dependent on him or where the Hindu undivided family has no minor coparcener.	Where the individual has one child wholly or mainly dependent on him or where the Hindu undivided family has one minor coparcener.	Where the individual has more than one child wholly or mainly dependent on him or where the Hindu undivided family has more than one minor coparcener.
--	--	--

	Rs.	Rs.	Rs.	
(1) On the first	3,000 of total income.	3,300 of total income.	3,600 of total income.	Nil
(2) On the next	2,000 „	1,700 „	1,400 „	3%
(3) On the next	2,500 „	2,500 „	2,500 „	6%
(4) On the next	2,500 „	2,500 „	2,500 „	9%
(5) On the next	2,500 „	2,500 „	2,500 „	11%
(6) On the next	2,500 „	2,500 „	2,500 „	14%
(7) On the next	5,000 „	5,000 „	5,000 „	18%;

(ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case exceeds Rs. 20,000 and in the case of every unregistered firm or other association of persons, not being a case to which any other Paragraph of this Part applies:—

	Rs.	
(1) On the first	1,000 of total income	Nil
(2) On the next	4,000 „ „	3%
(3) On the next	2,500 „ „	6%
(4) On the next	2,500 „ „	9%
(5) On the next	2,500 „ „	11%
(6) On the next	2,500 „ „	14%
(7) On the next	5,000 „ „	18%
(8) On the balance of total income		25%:



Provided that for the purposes of this Paragraph—

(i) no income-tax shall be payable on a total income which does not exceed the limit specified below;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit;

(iii) the income-tax payable by an individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of—

(a) the income-tax which would have been payable if the total income had been Rs. 20,000;

(b) half the amount by which the total income exceeds Rs. 20,000;

The limit aforesaid shall be—

(i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 3,000 in every other case.

#### *Surcharges on income-tax*

The amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

(a) A surcharge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of income-tax; and

(ii) where the earned income included in the total income exceeds Rs. 1,00,000, ten per cent. of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income if such earned income had been the total income and the amount of income-tax payable on a total income of Rs. 1,00,000;

(b) A special surcharge at fifteen per cent. of the difference between the amount of income-tax on the total income and the amount of income-tax on the whole of the earned income, if any,

included in the total income if such earned income had been the total income:

Provided that—

(i) no surcharge for purposes of the Union shall be payable where the total income does not exceed the limit specified below;

(ii) no special surcharge shall be payable in the case of an assessee whose total income does not include any income from dividend on ordinary shares if his total income does not exceed the limit specified below, and where the total income includes any dividends on ordinary shares, such limit shall be increased by Rs. 1,500 or the amount of the said dividends, whichever is less:

Provided further that—

(a) where the total income includes any dividends on ordinary shares, the surcharge for purposes of the Union and the special surcharge shall not in each case exceed half the amount by which the total income exceeds the respective limits applicable in either case;

(b) the surcharge for purposes of the Union and the special surcharge, both together, shall not exceed half the amount by which the total income exceeds the limit specified below;

The limit aforesaid shall be—

(i) Rs. 15,000 in the case of every Hindu undivided family which satisfies as at the end of the previous year either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 7,500 in every other case.

*Explanation.*—For the purposes of this Paragraph, in the case of every Hindu undivided family governed by the *Mitakshara* law, a son shall be deemed to be entitled to claim partition of the coparcenary property against his father, or grand-father notwithstanding any custom to the contrary.

*Paragraph B*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income .. 30%

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 5 per cent. of the amount of income-tax.

*Paragraph C*

In every case in which under the provisions of the Income-tax Act, income-tax is to be charged at the maximum rate,—

*Rate of income-tax*

On the whole of the total income .. 25%

*Surcharges on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

(a) a surcharge for purposes of the Union of five per cent. of the amount of income-tax; and

(b) a special surcharge of fifteen per cent. of the amount of income-tax.

*Paragraph D*

In the case of every company,—

*Rate of income-tax*

On the whole of the total income .. 20%

*Paragraph E*

In the case of every registered firm,—

*Rates of income-tax*

(1) On the first Rs. 40,000 of total income	.. Nil
(2) On the next Rs. 35,000 of total income	.. 5%
(3) On the next Rs. 75,000 of total income	.. 6%
(4) On the balance of total income	.. 9%

## PART II

*Super-tax and surcharges on super-tax**Paragraph A*

In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other Paragraph of this Part applies,—

*Rates of super-tax*

(1) On the first Rs. 20,000 of total income	Nil
(2) On the next Rs. 5,000 of total income	.. 5%
(3) On the next Rs. 5,000 of total income	.. 15%
(4) On the next Rs. 10,000 of total income	.. 20%
(5) On the next Rs. 10,000 of total income	.. 30%
(6) On the next Rs. 10,000 of total income	.. 35%
(7) On the next Rs. 10,000 of total income	.. 40%
(8) On the balance of total income	.. 45%

*Surcharges on super-tax*

The amount of super-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

(a) A surcharge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of super-tax; and

(ii) where the earned income included in the total income exceeds Rs. 1,00,000, ten per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payable on a total income of Rs. 1,00,000;

(b) A special surcharge at fifteen per cent. of the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income had been the total income.

*Paragraph B*

In the case of every local authority,—

*Rate of super-tax*

On the whole of the total income

16%

*Surcharge on super-tax*

The amount of super-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

*Paragraph C*

In the case of every association of persons being a co-operative society as defined in clause (5B) of section 2 of the Income-tax Act,—

*Rates of super-tax*

- |   |     |
|---|-----|
| (1) On the first Rs. 25,000 of total income .. .. | Nil |
| (2) On the balance of total income .. ..          | 16% |

*Surcharge on super-tax*

The amount of super-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

*Paragraph D*

31 of 1956 In the case of every company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

*Rates of super-tax*

- |  |      |
|--|------|
| On the whole of the total income .. .. | 55%: |
|--|------|

Provided that—

(i) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 40 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 35 per cent. on the balance of the total income shall be allowed in the case of any company which—

(a) in respect of its profits liable to tax under the Income-tax Act for the year ending on the 31st day of March, 1962, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such profits in accordance with the provisions of sub-section (3D) of section 18 of that Act; and

(b) is such a company as is referred to in sub-section (9) of section 23A of the Income-tax Act with a total income not exceeding Rs. 25,000;

(ii) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 35 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 30 per cent. on the balance of the total income shall be allowed in the case of any Indian company which satisfies condition (a) but not condition (b) of the preceding clause;

(iii) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 22 per cent. on so much of the total income as consists of dividends from an Indian company, not being a subsidiary, formed and registered on or after the 1st day of April, 1959 and before the 1st day of April, 1961; at the rate of 35 per cent. on so much of the total income as consists of dividends from any Indian company formed and registered on or after the 1st day of April, 1961; at the rate of 25 per cent. on so much of the total income as consists of royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government in this behalf; and at the rate of 12 per cent. on the balance of the total income shall be allowed in the case of any company not entitled to a rebate under either of the preceding clauses:

Provided further that—

(i) the amount of the rebate under clause (i) or clause (ii) of the preceding proviso shall be reduced by the sum, if any, equal to the amount or the aggregate of the amounts, as the case may be, computed as hereunder:—

- (a) on the aggregate of the sums computed in the manner provided in clause (i) of the second proviso to Paragraph D of Part II of the First Schedule to the Finance Act, 1960 as reduced by the amount, if any, which is deemed to have been taken into account, in accordance with clause (ii) of the said proviso, for the purpose of reducing the rebate mentioned in clause (i) of the said proviso to nil; and
- (b) on the amount representing the face value of any bonus shares or the amount of any bonus issued to its shareholders during the previous year with a view to increasing the paid-up capital;

(ii) where the sum arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at in accordance with clause (i) or clause (ii), as the case may be, of the preceding proviso, only so much of the amounts of reduction mentioned in sub-clauses (a) and (b) of clause (i) of this proviso as is sufficient, in that order, to reduce the rebate to *nil* shall be deemed to have been taken into account for the purpose:

Provided further that the super-tax payable by a company, the total income of which exceeds rupees twenty-five thousand, shall not exceed the aggregate of—

(a) the super-tax which would have been payable by the company if its total income had been rupees twenty-five thousand; and

(b) half the amount by which its total income exceeds rupees twenty-five thousand.

*Explanation.*—For the purposes of this Paragraph, where any portion of the profits and gains of a company is not included in its total income by reason of such portion being agricultural income, the amount representing the face value of any bonus shares and the amount of any bonus issued to its shareholders shall each be deemed to be such proportion thereof as the average of the total income of the company in the five previous years in which the company has been in receipt of taxable income immediately preceding the relevant previous year bears to the average of its total profits and gains (excluding capital receipts) for the preceding five years aforesaid, reduced by such allowances as may be admissible under the Income-tax Act which have not been taken into account by the company in its profit and loss accounts for the preceding five years aforesaid.

#### *Paragraph E*

In the case of the Life Insurance Corporation of India established 31 of 1956. under the Life Insurance Corporation Act, 1956,—

#### *Rate of super-tax*

On the whole of its profits and gains from life insurance business

.. 22.5%

#### PART III

*Rates for deduction of tax under section 18 of the Income-tax Act at the prescribed rates*

In every case in which under the provisions of section 18 of the Income-tax Act, tax is to be deducted at the prescribed rates,

deduction shall be made from the income subject to deduction at the following rates:—

	Income-tax			Super-tax	
	Rate of income-tax	Rates of surcharges		Rate of super-tax	Rates of surcharges
		Surcharge for purposes of the Union	Special surcharge		

1. In the case of a person other than a company—

- (a) in every case, on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free), and,

(i) In addition, where the person is one whom the person responsible for paying the income has no reason to believe to be resident in the taxable territories, on the whole income.

Super-tax and surcharges on super-tax in accordance with the provisions of clause (b) of subsection (1) of section 17 of the Income-tax Act.

	Rate of income-tax	Rate of super-tax
--	--------------------	-------------------

2. In the case of a company—

(a) in every case—

- (i) on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free); and

20%

- (ii) on the whole income (excluding dividends payable by an Indian company referred to in section 56A of the Income-tax Act); and

10%

- (b) in addition, where the company is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India,—

- (i) on the income from dividends (excluding dividends payable by any of its subsidiary Indian companies formed and registered before the 1st day of April, 1961, or by an Indian company referred to in section 56A of the Income-tax Act)—

- (1) on dividends payable by an Indian company, not being a subsidiary, formed and registered on or after the 1st day of April, 1959 and before the 1st day of April, 1961

23%

- (2) on dividends payable by any Indian company formed and registered on or after the 1st day of April, 1961

10%

- (3) on any other dividends

33%

- (ii) on the income from royalties payable by an Indian concern in pursuance of an agreement which is made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government in this behalf

20%

- (iii) on any other income, not being income from dividends.

33%



## THE SECOND SCHEDULE

(See section 11)

## PART I

In the First Schedule to the Tariff Act,—

(i) in Item No. 8(2), for the entries in the fourth and sixth columns, the entries “50 per cent. *ad valorem*” and “40 per cent. *ad valorem*”, respectively, shall be substituted;

(ii) in Item No. 9(3), for the entries in the fourth and sixth columns, the entries “100 per cent. *ad valorem*” and “92½ per cent. *ad valorem*”, respectively, shall be substituted;

(iii) in Item No. 9(5), for the entries in the fourth and sixth columns, the entries “Rs. 3·07 per kilogram” and “Rs. 3·00 per kilogram”, respectively, shall be substituted;

(iv) in Item No. 12(4), in the third column, the word “Revenue” shall be inserted, and for the entry in the fourth column, the entry “50 per cent. *ad valorem*” shall be substituted;

(v) in Item No. 22(3), for the entries in the fourth column against sub-items (a) and (b), the entries “Rs. 23·50 per litre” and “Rs. 14·70 per litre”, respectively, shall be substituted;

(vi) in Item No. 22(4),—

(1) for the entry in the fourth column against sub-item (a), the entry “Rs. 44·00 per litre of the strength of London proof or 170 per cent. *ad valorem*, whichever is higher” shall be substituted;

(2) for the entry in the fourth column against sub-item (b) (i), the entry “Rs. 58·70 per litre or 170 per cent. *ad valorem*, whichever is higher, plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be substituted;

(3) for the entry in the fourth column against sub-item (b) (ii), the entry “Rs. 44·00 per litre of the strength of London proof or 170 per cent. *ad valorem*, whichever is higher, plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be substituted;

(vii) in Items Nos. 22(5) (b) (i) and 22(5) (b) (ii), in each of the entries in the fourth, fifth and sixth columns, the words

“plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be added at the end;

(viii) in Item No. 24(3), for the entries in the fourth and sixth columns, the entry “Rs. 33.00 per kilogram” shall be substituted;

(ix) in Item No. 28A, in each of the entries in the fourth, fifth and sixth columns, the words “plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be added at the end;

(x) in Items Nos. 28(3) and 39, for the entry against each of them in the fourth column, the entry “10 per cent. *ad valorem*” shall be substituted;

(xi) in Items Nos. 28(4), 28(14), 28(30), 28(34), 30(1), 30(13), 30(15), 30(16), 47(3), 47(4), 47(5), 47(6), 48(3), 48(7), 48(8), 48(9) and 70(1), in the entry against each of them in the fourth column, the words “plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be added at the end;

(xii) in Items Nos. 28(8) and 66(b), for the entry against each of them in the fourth column, the entry “50 per cent. *ad valorem* plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be substituted;

(xiii) in Item No. 30, for the figures “40” and “30” in the fourth and fifth columns, the figures “50” and “40”, respectively, shall be substituted;

(xiv) in Items Nos. 31, 31(2), 31(3), 45(b), 45(c) and 71(b), for the entry against each of them in the fourth column, the entry “75 per cent. *ad valorem*” shall be substituted;

(xv) in Item No. 31(1), for the entries in the fourth and sixth columns, the entries “75 per cent. *ad valorem*” and “65 per cent. *ad valorem*”, respectively, shall be substituted;

(xvi) in Items Nos. 39(1), 39(2), 39(3), 40, 63(28) and 87, for the entry against each of them in the fourth column, the entry “50 per cent. *ad valorem*” shall be substituted;

(xvii) in Item No. 44, for the figures "40" in the fourth column, the figures "50" shall be substituted;

(xviii) in Items Nos. 45(a), 53, 80 and 81, for the entry against each of them in the fourth column, the entry "100 per cent. *ad valorem*" shall be substituted;

(xix) in Items Nos. 72, 72(1), 72(2) and 72(3), for the entry against each of them in the fourth column, the entry "15 per cent. *ad valorem*" shall be substituted;

(xx) in Items Nos. 73, 73(1) and 77, for the entries against each of them in the fourth and fifth columns, the entries "50 per cent. *ad valorem*" and "40 per cent. *ad valorem*", respectively, shall be substituted;

(xxi) in Items Nos. 73(21), 73(22) and 75(19), for the entry against each of them in the fourth column, the following entry shall be substituted, namely:—

"The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.";

(xxii) in Items Nos. 74(2) and 74(3), for the entry against each of them in the fourth column, the entry "25 per cent. *ad valorem*" shall be substituted; and

(xxiii) in Item No. 75(1), for the figures "75" in the fourth column, the figures "100" shall be substituted.

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# PART II

Item No.	Name of Article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom 5	A British Colony 6	
1	2	3	4			7

In the First Schedule to the Tariff Act,—

(i) after Item No. 12(4), the following Item shall be inserted, namely :—

" 12(4A) Malt	Revenue	100 per cent. <i>ad valorem</i>	..	..	..	"
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(ii) after Item No. 59(6), the following Item shall be inserted, namely :—

" 59(7) China and Porcelainware, all sorts,—	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty ; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..	"
(1) Tableware.						
(2) Sanitaryware.						
(3) Glazed tiles.						
(4) Not otherwise specified.						

(iii) after Item No. 60(8), the following Item shall be inserted, namely :—

" 60(9) Glass and glassware,—	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty ; and the duty	..			
(1) Sheet glass and Plate glass.						
(2) Laboratory glassware.						
(3) Glass shells, glass globes and chimneys (or lamps and lanterns.						

(4) Other glassware including tableware.

so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.

(iv) after Item No. 63(14), the following Item shall be inserted, namely :—

" 63(14A) High carbon steel strips of thickness 5 mm. or below.	Preferential Revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i> .	..	..	..
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(v) after Item No. 64(5), the following Item shall be inserted, namely :—

" 64(6) Copper and copper alloys containing not less than fifty per cent. by weight of copper—	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty ; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..
(1) Manufactures, the following, namely, plates, sheets, circles, strips and foils in any form or size.					
(2) Pipes and tubes.					

(vi) after Item No. 68(4), the following Item shall be inserted, namely :—

" 68 (5) Zinc—	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty ; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	..
(1) Manufactures, the following, namely, plates, sheets, circles, strips and foils in any form or size.					
(2) Pipes and tubes.					

1	2	3	4	5	6	7
(vii) after Item No. 72(40), the following Item shall be inserted, namely :—						
" 72(41)	Refrigerators and parts thereof, such as are specially designed for use with refrigerators ; and air conditioning machinery, all sorts.	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty ; and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	.. " ;
(viii) after Item No. 73(4), the following Item shall be inserted, namely :—						
" 73(4A)	Wireless receiving sets, all sorts, including transistor sets and radiograms, with or without loudspeaker.	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty : and the duty so leviable shall be in addition to the duty which would have been levied if this entry had not been inserted.	..	..	
(ix) after Item No. 73(22), the following Item shall be inserted, namely :—						
" 73(23)	Nichrome and other electrical resistance wires and strips.	Revenue	100 per cent. <i>ad valorem</i> .	..	..	.. " ;
(x) after Item No. 82(5), the following Item shall be inserted, namely :						
" 82(6)	(A) Plastics, all sorts— (i) Moulding powders, granules and flakes (thermosetting and thermoplastic),	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is	..	..	

(H) Polyethylene films, layflat  
tubings and P.V.C. sheets (that  
is to say, Polyvinyl Chloride  
sheets).

leviable at different rates, the  
highest duty ; and the duty so  
leviable shall be in addition to  
the duty which would have been  
levied if this entry had not been  
inserted.

(B) Cellophane

Revenue

The excise duty for the time being  
leviable on like articles if pro-  
duced or manufactured in India,  
and where such duty is leviable  
at different rates, the highest  
duty ; and the duty so leviable  
shall be in addition to the duty  
which would have been levied  
if this entry had not been in-  
serted.

### STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposals of the Central Government for the next financial year and to provide for certain connected matters. The Notes on Clauses explain the various provisions contained in the Bill.

MORARJI DESAI.

NEW DELHI;

*The 28th February, 1961.*



*Notes on Clauses*

*Clause 2* prescribes the rates of income-tax and super-tax for purposes of assessment for the financial year 1961-62 and for deduction of tax at source from interest on securities, dividends etc., during the same year. In the cases of assessees other than companies, the only change is that the rate of surcharge on earned income above Rs. 1 lakh has been raised from 5 per cent. to 10 per cent. of the amount of income-tax and super-tax.

In the case of companies,—

(i) the rate of income-tax is the same as in the last year, i.e., 20 per cent for all companies;

(ii) the effective rate of super-tax applicable to income other than dividends of an Indian company in which the public are substantially interested and whose total income does not exceed Rs. 25,000 and of any other Indian company also remains the same as in the last year, i.e., 20 per cent. and 25 per cent. respectively;

(iii) the effective rate of super-tax applicable to income, other than dividends and certain royalties, of such foreign companies as do not declare their dividends in India continues to remain the same as in the last year, i.e., 43 per cent.;

(iv) The effective rates of super-tax on dividends received by a company (Indian or foreign) from an Indian company formed and registered before the 1st April, 1961 will be the same as for the financial year 1960-61. In the case of dividends payable by an Indian company formed and registered on or after the 1st April, 1961, the effective rates of super-tax have been fixed at 15 per cent. in the case of an Indian company in which the public are substantially interested and whose income does not exceed Rs. 25,000, and at 20 per cent. in the case of all other companies, Indian or foreign;

(v) the effective rate of super-tax on royalties received by a foreign company (which does not declare dividends in India) from an Indian concern in pursuance of an agreement made by the former with the Indian concern on or after the 1st April, 1961 which has been approved by the Central Government, has been fixed at 30 per cent;

(vi) the effective rate at which super-tax is payable with reference to bonus issues has been reduced from 30 per cent. to 12½ per cent.

The rates for deduction of tax at source remain the same as in the financial year 1960-61 except that in the case of dividends and certain royalties payable to foreign companies which do not declare their dividends in India, the rates have been fixed at the rates corresponding to those mentioned in (iv) and (v) above.

Clause 3 makes the following amendments to sub-section (3) of section 4 of the Income-tax Act:—

Sub-clause (i) inserts a new clause (iia) to provide for exemption from tax in the case of the income of an association or institution established in India wholly for controlling, supervising, regulating or encouraging in India the games of cricket, hockey, football, tennis and such other games or sports as may be specified by the Central Government from time to time in the Official Gazette.

Sub-clause (ii) amends clause (xiva) to secure that the exemption from tax in respect of the salary received by a foreign technician whose contract of service has been approved by the Central Government will be available for a period of 36 months from the date of his arrival in India and that if for a further period not exceeding twenty four months, the tax in respect of his salary is paid to the Central Government by his employer, such tax shall not be treated as a part of the technician's total income.

Sub-clause (iii) amends clause (xvi) to extend to the Development Loan Fund of the United States of America the exemption available at present to the International Bank for Reconstruction and Development, in respect of interest received from an industrial undertaking or financial corporation, in certain circumstances.

Clause 4 amends section 7 of the Income-tax Act to provide exemption from tax in respect of retiring gratuity received after the 1st June, 1953 by the members of Defence Services under the New Pension Code.

Clause 5 amends section 9 of the Income-tax Act to provide that in respect of a building erected on or after the 1st day of April, 1961 and which is let on rent to tenants, the annual value of each residential unit shall be reduced by the amount of its annual value or Rs. 600, whichever is less, for a period of three years from the completion of the building.

Clause 6 makes the following amendments in sub-section (2) of section 10 of the Income-tax Act:—

*Sub-clause (i)* amends clause (vi) to secure that in respect of buildings erected after the 31st March, 1961 by an employer for the residence of persons employed in the business carried on by him and receiving remuneration not exceeding Rs. 200 per month, an initial depreciation of 20 per cent. of the actual cost of the buildings will be allowed for the year of their erection.

*Sub-clause (ii)* makes an amendment to clause (vib) to secure that in respect of new plant or machinery installed on or after the 1st April, 1961, the development rebate will be admissible at the rate of 20 per cent. of the actual cost thereof. In the case of new ships, however, the existing rate of 40 per cent. remains unchanged.

*Sub-clause (iii)* inserts a new clause (vic) to provide that subject to certain conditions where a company is amalgamated with another company or where a firm is converted into a private company and ship, machinery or plant on which development rebate is admissible to the predecessor is transferred by the predecessor to the successor, the development rebate already allowed in respect of the asset transferred will not be withdrawn and any unutilised portion of the development rebate shall be available to the successor.

*Sub-clause (iv)* inserts a new clause (xiva) to enable an approved financial corporation engaged in providing long term finance for industrial development to claim as a deduction from its taxable profits, amounts appropriated to a special reserve account, not exceeding 10 per cent. of the total income till the amount carried to the reserve account equals the paid-up capital of the corporation.

*Sub-clause (v)* amends clause (xv) to provide that no allowance on account of expenses for entertainment shall be made in the case of an assessee other than a company and, further, that in the case of companies, the amount allowable shall be restricted to certain specified limits.

Clause 7 extends the benefit of the five year tax holiday at present enjoyed by new industrial undertakings under section 15C to new hotels which start functioning on or after the 1st April, 1961 and satisfy certain conditions and also amends sub-section (4) to enable the Central Board of Revenue to prescribe rules for computing the amount of the dividend exempt under the said sub-section

*Clause 8* amends section 23A of the Income-tax Act to secure that the provisions of that section shall not be applicable to a company in which at least 75 per cent. of the share capital is held by charitable institutions or funds income whereof is exempt under clause (i) of sub-section (3) of section 4 of the Income-tax Act.

*Clause 9* makes amendments to section 35 of the Income-tax Act, consequential to the amendments proposed in sub-clause (iii) of clause 6.

*Clause 10* amends section 56A of the Income-tax Act by extending the application of that section to the dividends paid by an Indian company engaged in the manufacture of refractories.

*Clause 11* read with the Second Schedule seeks to increase the import duties on certain items. The principal changes are:—

(i) the duty on betelnuts is proposed to be increased by approximately 36%;

(ii) the duty on tobacco, unmanufactured, is proposed to be increased by approximately 50%;

(iii) the duty on textile manufactures, not otherwise specified, is proposed to be raised from 50% to 100%;

(iv) the duty on iron and steel manufactures, not otherwise specified, is proposed to be raised from 35% to 50%;

(v) the duty on certain items of machinery and their component parts is proposed to be raised from 10% to 15%;

(vi) the duty on electrical as well as certain non-electrical instruments, apparatus and appliances is proposed to be increased by 25% to 33%;

(vii) the duty on certain railway materials is proposed to be raised from 20% to 25%;

(viii) increases in duty are proposed on the residuary tariff item "All other articles not otherwise specified" and on various other less important articles;

(ix) on a number of articles on which Central excise duties have been imposed or are being levied at present, provision is being made for the levy of a countervailing import duty. This is necessary in order that the indigenous producer or manufacturer of these articles is not placed at a disadvantage in comparison with the importer.

*Clause 12* seeks to maintain for another year the *status quo* in regard to commitments under the General Agreement on Tariffs and Trade.

**Clause 13—**

Sub-clause (a) proposes an increase in the rate of **excise** duty on coffee.

Sub-clause (b) (1) seeks to substitute the existing rates of excise duty on flue cured tobacco used in the manufacture of cigarettes by a single flat rate of duty and also proposes an increase in the rates of duty on certain forms of other than flue cured tobacco and on stalks.

Sub-clause (b) (2) proposes an increase in the rates of duty on certain high priced cigarettes and also seeks to rationalise the rates of duty on cigars and cheroots.

Sub-clause (c) seeks to increase the rate of excise duty on kerosene.

Sub-clause (d) proposes an increase in the rate of **excise** duty on diesel oil not otherwise specified.

Sub-clause (e) proposes an increase in the excise duty on vegetable product.

Sub-clause (f) proposes an increase in the rates of excise duties on pigments, colours, paints, enamels, varnishes, blacks and cellulose lacquers.

Sub-clause (g) proposes to levy an excise duty on soda ash, caustic soda, glycerine, coal tar dyes, patent or proprietary medicines not containing alcohol and certain cosmetics and toilet preparations.

Sub-clause (h) proposes to levy an excise duty on plastics and on cellophane.

Sub-clause (i) proposes an increase in the rates of duty on all varieties of paper except printing and writing paper.

Sub-clause (j) proposes to levy an excise duty on cotton yarn and woollen yarn.

Sub-clause (k) proposes to levy an excise duty on glass and **glassware** and china and porcelainware.

Sub-clause (l) proposes to levy an excise duty on certain manufactures of copper and its alloys and of zinc.

Sub-clause (m) seeks to levy an excise duty on aluminium pipes and tubes.

Sub-clause (n) proposes to levy an excise duty on air conditioning machinery.

Sub-clause (o) proposes to levy an excise duty on wireless receiving sets.

Sub-clause (p) proposes an increase in the permissible limit of the excise duty on matches from 57 to 65 nP per 1000 matches or fraction thereof.

Sub-clause (q) proposes to levy an excise duty on refrigerators and parts thereof.

Clause 14 seeks to make certain amendments in the Central Sales Tax Act, 1956 consequent on the proposal to levy an additional duty of excise in lieu of sales tax on silk fabrics.

Clause 15 proposes to levy an additional duty of excise in lieu of sales tax on silk fabrics and seeks to make consequential amendments in the Additional Duties of Excise (Goods of Special Importance) Act, 1957. It also seeks to make certain changes in the rates of additional excise duty on cigars and cheroots and on cigarettes.

Clause 16 seeks to make certain amendments to the entry relating to policies of insurance in Schedule I to the Indian Stamp Act, 1899, in order to remove certain difficulties which have arisen as a result of the decimalisation of the stamp duty.

Clause 17, like section 23 of the Finance Act, 1960 provides that salt shall be duty free for another year.

## FINANCIAL MEMORANDUM

The Bill seeks to levy new excise duties on—

1. Soda ash
2. Caustic soda
3. Glycerine
4. Coal tar dyes.
5. Cosmetics and toilet preparations
6. Patent or proprietary medicines
7. Plastics
8. Cellophane
9. Cotton yarn
10. Woollen yarn
11. China and porcelainware.
12. Glass and glassware
13. Copper and alloys of copper
14. Zinc
15. Aluminium pipes and tubes
16. Wireless receiving sets
17. Air conditioning machinery
18. Refrigerators

These levies will necessitate the employment of some additional staff. The increase in staff together with incidental expenses of administration is estimated to cost Rs. 10.55 lakhs per annum.

### I. Volume of work:

There are about 800 units which are now to be brought under excise control.

### II. Requirement of personnel and finance:

#### *For the field organisation*

	No.	Annual emoluments	Cost
		Rs.	Rs.
A. Officers—			
Assistant Collectors . . . . .	2	2 × 8,880	17,760
Superintendents—			
Class I . . . . .	4	4 × 8,880	35,520
Class II . . . . .	6	6 × 7,056	42,336

	No.	Annual emoluments	Cost
		Rs.	Rs.
<b>B. Staff—</b>			
Deputy Superintendents (Executive)	40	40 × 5,775	2,31,000
Inspectors . . . . .	60	60 × 3,746	2,24,760
Sub-Inspectors . . . . .	60	60 × 1,832	1,09,920
Dy. Superintendents (Ministerial) .	2	2 × 4,710	9,420
Head Clerks . . . . .	10	10 × 3,746	37,460
Upper Division Clerks . . . . .	28	28 × 2,548	71,344
Lower Division Clerks . . . . .	30	30 × 1,804	54,120
Stenotypists . . . . .	12	12 × 2,044	24,528
<b>C. Incidental expenses including Class IV staff, contingencies, etc.</b>			<b>1,40,000</b>
<b>TOTAL</b>			<b>Rs. 9,98,168</b>
or Rs. 10.00 lakhs.			

*For the Office of the Central Board of Revenue*

<b>A. Officers—</b>			
Under Secretary . . . . .	1	1 × 13,140	13,140
Section Officer . . . . .	1	1 × 7,800	7,800
<b>B. Staff—</b>			
Assistants . . . . .	4	4 × 3,864	15,456
Stenographer . . . . .	1	1 × 3,864	3,864
Upper Division Clerk . . . . .	1	1 × 2,548	2,548
Lower Division Clerks . . . . .	4	4 × 1,804	7,216
<b>C. Incidental expenses including Class IV staff, contingencies, etc.</b>			<b>5,000</b>
<b>TOTAL .</b>			<b>Rs. 55,024</b>
or Rs. 55,000.00			

M. N. KAUL,  
Secretary.